



**REPORT OF THE AUDITOR OF PUBLIC ACCOUNTS  
AUDIT EXAMINATION OF THE  
OLDHAM COUNTY  
SHERIFF'S SETTLEMENT - 2000 TAXES**

**April 28, 2001**

**EDWARD B. HATCHETT, JR.  
AUDITOR OF PUBLIC ACCOUNTS  
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**EXECUTIVE SUMMARY**  
**AUDIT EXAMINATION OF THE**  
**OLDHAM COUNTY**  
**SHERIFF'S SETTLEMENT - 2000 TAXES**

**April 28, 2001**

The Auditor of Public Accounts has completed the audit of the Sheriff's Settlement - 2000 Taxes for Oldham County Sheriff as of April 28, 2001. We have issued an unqualified opinion on the financial statement taken as a whole. Based upon the audit work performed, the financial statement is presented fairly in all material respects.

**Financial Condition:**

The Sheriff collected net taxes of \$23,581,626 for the districts for 2000 taxes. The Sheriff distributed \$23,551,563 to the districts for 2000 Taxes.

**Debt Obligations:**

None.

**Report Comments:**

None.

**Deposits:**

The Sheriff's deposits were insured and collateralized by bank securities or bonds.

**Subsequent Event:**

None.



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**EDWARD B. HATCHETT, JR.**  
**AUDITOR OF PUBLIC ACCOUNTS**

To the People of Kentucky

Honorable Paul E. Patton, Governor  
T. Kevin Flanery, Secretary  
Finance and Administration Cabinet  
Dana Mayton, Secretary, Revenue Cabinet  
Honorable John Black, Oldham County Judge/Executive  
Honorable Steven W. Sparrow, Oldham County Sheriff  
Members of the Oldham County Fiscal Court

Independent Auditor's Report

We have audited the Oldham County Sheriff's Settlement - 2000 Taxes as of April 28, 2001. This tax settlement is the responsibility of the Oldham County Sheriff. Our responsibility is to express an opinion on the financial statement based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, and the Audit Guide for Sheriff's Tax Settlements issued by the Auditor of Public Accounts, Commonwealth of Kentucky. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in Note 1, the Sheriff's office prepares the financial statement on a prescribed basis of accounting that demonstrates compliance with the modified cash basis and laws of Kentucky, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the accompanying financial statement referred to above presents fairly, in all material respects, the Oldham County Sheriff's taxes charged, credited, and paid as of April 28, 2001, in conformity with the basis of accounting described in the preceding paragraph.

To the People of Kentucky  
Honorable Paul E. Patton, Governor  
T. Kevin Flanery, Secretary  
Finance and Administration Cabinet  
Dana Mayton, Secretary, Revenue Cabinet  
Honorable John Black, Oldham County Judge/Executive  
Honorable Steven W. Sparrow, Oldham County Sheriff  
Members of the Oldham County Fiscal Court

In accordance with Government Auditing Standards, we have also issued our report dated January 23, 2002, on our consideration of the Sheriff's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Ed Hatchett", with a long horizontal flourish extending to the right.

Edward B. Hatchett, Jr.  
Auditor of Public Accounts

Audit fieldwork completed -  
January 23, 2002



OLDHAM COUNTY  
STEVEN W. SPARROW, SHERIFF  
SHERIFF'S SETTLEMENT - 2000 TAXES

April 28, 2001

<u>Charges</u>	<u>County Taxes</u>	<u>Special Taxing Districts</u>	<u>School Taxes</u>	<u>State Taxes</u>
Real Estate	\$ 2,359,538	\$ 3,614,759	\$ 13,739,393	\$ 3,465,796
Tangible Personal Property	79,603	88,602	377,100	247,557
Intangible Personal Property				166,701
Taxes Increased Through Erroneous				
Assessments	2,981	4,354	15,131	6,877
Franchise Corporation	84,714	111,697	427,965	
Limestone, Sand, and Mineral Reserves	1,553	2,332	9,041	2,280
Penalties	9,434	14,245	54,678	14,729
Adjusted to Sheriff's Receipt	7		3	16
Gross Chargeable to Sheriff	<u>\$ 2,537,830</u>	<u>\$ 3,835,989</u>	<u>\$ 14,623,311</u>	<u>\$ 3,903,956</u>
<u>Credits</u>				
Exonerations	3,473	19,099	19,955	6,998
Discounts	39,646	60,005	229,531	63,189
Delinquents:				
Real Estate	31,766	49,448	184,974	46,657
Tangible Personal Property	456	454	2,134	1,468
Intangible Personal Property				831
Total Credits	<u>\$ 75,341</u>	<u>\$ 129,006</u>	<u>\$ 436,594</u>	<u>\$ 119,143</u>
Net Tax Yield	\$ 2,462,489	\$ 3,706,983	\$ 14,186,717	\$ 3,784,813
Less: Commissions *	<u>104,943</u>	<u>80,491</u>	<u>212,801</u>	<u>161,142</u>
Net Taxes Due	\$ 2,357,546	\$ 3,626,492	\$ 13,973,916	\$ 3,623,671
Less:				
Taxes Paid	2,354,301	3,622,206	13,956,394	3,618,663
Refunds (Current and Prior Year)	<u>3,244</u>	<u>4,286</u>	<u>17,521</u>	<u>5,007</u>
Due Districts or (Refund Due Sheriff) as of Completion of Fieldwork	<u>\$ 1</u>	<u>\$ 0</u>	<u>\$ 1</u>	<u>\$ 1</u>

\* Commissions:

10% on	\$	10,000
4.25% on	\$	7,573,341
1.5% on	\$	14,186,717
1% on	\$	2,370,944

The accompanying notes are an integral part of the financial statement.

OLDHAM COUNTY  
NOTES TO FINANCIAL STATEMENT

April 28, 2001

Note 1. Summary of Significant Accounting Policies

A. Fund Accounting

The Sheriff's office tax collection duties are limited to acting as an agent for assessed property owners and taxing districts. A fund is used to account for the collection and distribution of taxes. A fund is a separate accounting entity with a self-balancing set of accounts. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

B. Basis of Accounting

The financial statement has been prepared on a modified cash basis of accounting. Basis of accounting refers to when charges, credits, and taxes paid are reported in the settlement statement. It relates to the timing of measurements regardless of the measurement focus.

Charges are sources of revenue which are recognized in the tax period in which they become available and measurable. Credits are reductions of revenue which are recognized when there is proper authorization. Taxes paid are uses of revenue which are recognized when distributions are made to the taxing districts and others.

C. Cash and Investments

At the direction of the fiscal court, KRS 66.480 authorizes the Sheriff's office to invest in the following, including but not limited to, obligations of the United States and of its agencies and instrumentalities, obligations and contracts for future delivery or purchase of obligations backed by the full faith and credit of the United States, obligations of any corporation of the United States government, bonds or certificates of indebtedness of this state, and certificates of deposit issued by or other interest-bearing accounts of any bank or savings and loan institution which are insured by the Federal Deposit Insurance Corporation (FDIC) or which are collateralized, to the extent uninsured, by any obligation permitted by KRS 41.240(4).

Note 2. Deposits

The Sheriff maintained deposits of public funds with depository institutions insured by the Federal Deposit Insurance Corporation (FDIC). According to KRS 66.480(1)(d) and KRS 41.240(4), the depository institution should pledge or provide sufficient collateral which, together with FDIC insurance, equals or exceeds the amount of public funds on deposit at all times. In order to be valid against the FDIC in the event of failure or insolvency of the depository institution, this pledge or provision of collateral should be evidenced by an agreement between the Sheriff and the depository institution, signed by both parties, that is (a) in writing, (b) approved by the board of directors of the depository institution or its loan committee, which approval must be reflected in the minutes of the board or committee, and (c) an official record of the depository institution. These requirements were met, and as of April 28, 2001, the Sheriff's deposits were fully insured or collateralized at a 100% level with collateral of either pledged securities held by the Sheriff's agent in the Sheriff's name, or provided surety bond which named the Sheriff as beneficiary/obligee on the bond.

OLDHAM COUNTY  
NOTES TO FINANCIAL STATEMENT  
April 28, 2001  
(Continued)

Note 3. Tax Collection Period

Property Taxes

The real and personal property tax assessments were levied as of January 1, 2000. Property taxes were billed to finance governmental services for the year ended June 30, 2001. Liens are effective when the tax bills become delinquent. The collection period for these assessments was September 21, 2000 through April 28, 2001.

Note 4. Interest Income

The Oldham County Sheriff earned \$33,483 as interest income on 2000 taxes. The Sheriff distributed the appropriate amount to the school district as required by statute, and the remainder will be used to operate the Sheriff's office.

Note 5. Sheriff's 10% Add-On Fee

The Oldham County Sheriff collected \$71,949 of 10% add-on fees allowed by KRS 134.430(3). This amount will be used to operate the Sheriff's office.

Note 6. Advertising Costs And Fees

The Oldham County Sheriff collected \$876 of advertising costs and \$3,340 of advertising fees allowed by KRS 424.330(1) and KRS 134.440(2). The Sheriff distributed the advertising costs to the county as required by statute, and the advertising fees will be used to operate the Sheriff's office.

Note 7. Bond Coverage

KRS 134.320 and KRS 134.250 give the Fiscal Court the authority to require the Sheriff to have a county revenue bond. The county revenue bond is supposed to cover all tax monies in the Sheriff's possession. During 2000 tax year, the highest amount of tax collections on hand for the tax account was \$19,356,277. Since the Sheriff's county revenue bond was only \$325,000, the amount of the bond appears inadequate to protect the county from potential loss.

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REPORT ON COMPLIANCE  
AND ON INTERNAL CONTROL OVER FINANCIAL  
REPORTING BASED ON AN AUDIT OF THE FINANCIAL STATEMENT  
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS





EDWARD B. HATCHETT, JR.  
AUDITOR OF PUBLIC ACCOUNTS

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Members of the Oldham County Fiscal Court

Report On Compliance And On Internal Control  
Over Financial Reporting Based On An Audit Of The Financial  
Statement Performed In Accordance With Government Auditing Standards

We have audited the Oldham County Sheriff's Settlement - 2000 Taxes as of April 28, 2001, and have issued our report thereon dated January 23, 2002. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Oldham County Sheriff's Settlement - 2000 Taxes as of April 28, 2001 is free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Oldham County Sheriff's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statement and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statement being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Report On Compliance And On Internal Control  
Over Financial Reporting Based On An Audit Of The Financial  
Statement Performed In Accordance With Government Auditing Standards  
(Continued)

This report is intended solely for the information and use of management and is not intended to be and should not be used by anyone other than the specified party.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Ed Hatchett", with a long horizontal flourish extending to the right.

Edward B. Hatchett, Jr.  
Auditor of Public Accounts

Audit fieldwork completed -  
January 23, 2002



